UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/51/152/Add.1
7 October 1996

ORIGINAL: ENGLISH

Fifty-first session
Agenda item 94 (c)

MACROECONOMIC POLICY QUESTIONS: TRADE AND DEVELOPMENT

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly his comments on the report of the Joint Inspection Unit entitled "United Nations Conference on Trade and Development: Review of institutional and programme issues" (A/51/152).

96-26538 (E) 231096 281096

ANNEX

Comments of the Secretary-General on the report of the Joint Inspection Unit entitled "United Nations Conference on Trade and Development: Review of institutional and programme issues"

I. INTRODUCTION

1. As stated in its introduction, the purpose of the report prepared by the Joint Inspection Unit is to review and assess the achievements of the United Nations Conference on Trade and Development (UNCTAD) in implementing its development mission, as prescribed by its mandate. The report reviews the institutional and programme framework of UNCTAD and analyses its mission, role, mandate, functions and activities within a new framework of international development cooperation. The Inspector refers to the current efforts to strengthen and revitalize the role of the United Nations in the economic, social and related fields as the overall context for the report.

2. In analysing the factors that have guided the decision of the Joint Inspection Unit to undertake this review, the Inspector points to a number of trends and developments that have had a major effect on UNCTAD's institutional evolution. He refers, in this context, to changes in the global economic setting, such as the increasing transnationalization of the world economy; the growing linkages between peace and security, on the one hand, and economic, social and environmental issues, on the other; the emergence of trading blocks and economic integration patterns in different parts of the world; and the establishment of the World Trade Organization (WTO). In the same context, the author recalls the fundamental responsibilities entrusted to UNCTAD by the international community for the development of developing countries, and highlights the special needs of the least developed, landlocked and island developing countries. He also refers to the particular requirements of countries making the transition to market economies and those implementing macroeconomic reforms. In the circumstances, the Unit concluded that it was timely to assess the extent to which UNCTAD was effectively addressing the differing priorities of its constituency in the key areas of trade and development, and in its integrated treatment of the development aspects of trade, finance, investment, technology and services.

3. The author notes that the report is based upon the views expressed by delegations in the General Assembly and the Economic and Social Council during 1994 and 1995, on the information received during his contacts at United Nations Headquarters and in the UNCTAD secretariat, as well as on an analysis of the results of reforms within the secretariats of UNCTAD and the United Nations. The Inspector concludes that UNCTAD can be given credit for a long record of tangible achievements since its creation in 1964. At the same time, the author identifies a number of challenges facing the institution, stemming from the many problems that continue to bedevil the majority of the developing countries, and more acutely the least developed, landlocked and island developing countries, in the areas of trade and development coming within the purview of UNCTAD.

4. As one of the challenges to be tackled by the institution, the Inspector singles out UNCTAD's lack of field visibility, which, in his view, constrains its ability to fashion a field-oriented and priority-driven technical cooperation strategy supportive of developing countries. He stresses the necessity for UNCTAD, in partnership with other relevant entities within the United Nations system, to intensify its technical cooperation activities by promoting, inter alia, interregional information systems or networks in trade, science and technology, investment flows, and commodity markets.

5. With regard to the current restructuring process, the Inspector believes that further reform initiatives should aim to deepen - and not broaden - UNCTAD's mandate and should seek to institute greater synergies between the UNCTAD secretariat and other parts of the United Nations Secretariat in addressing trade and development issues.

6. The Inspector makes a number of recommendations aimed at strengthening the role of UNCTAD in general, and its technical cooperation function in particular, at building system-wide partnerships for development and at developing and strengthening, in that context, cooperation with WTO and the Bretton Woods institutions in areas covered by UNCTAD's mandate.

II. GENERAL COMMENTS

7. At a time when, under the impulse of its ninth session, UNCTAD is adopting far-reaching institutional reforms, and several reform processes are under way in relation to the economic and social sectors of the United Nations, the report provides useful and valuable information of relevance for these discussions. The report presents a good overview of UNCTAD activities in the execution of its institutional mandate and captures in a concise manner its major achievements, highlighting its constant concern for reform and adaptation to international developments.

8. Also to be commended is the report's examination of the UNCTAD-WTO relationship in the aftermath of the Uruguay Round of multilateral trade negotiations, at a time when special attention is being given to the respective roles of the two institutions. Section A of chapter IV provides a compelling analysis of the complementarity of functions between the two institutions.

9. The report credits UNCTAD for the reform processes it has undergone, through intergovernmental agreement, encompassing policy orientations, intergovernmental machinery and working methods. The outcome of the ninth session has significantly reinforced this constant dimension of UNCTAD. The final communiqué of the Summit of the seven major industrialized countries, held at Lyon in June 1996, similarly highlighted the achievements of UNCTAD in reforming the institution and held UNCTAD as a model of reform for other parts of the United Nations.

III. COMMENTS ON THE RECOMMENDATIONS

10. Most of the recommendations set out in the report coincide with actions already under way, particularly in the context of the follow-up to the ninth session.

Recommendation 1. Strengthening the role of UNCTAD

(a) As part of the continuing restructuring process throughout the United Nations, the Secretary-General of the United Nations and the Secretary-General of UNCTAD should further enhance cooperation between the UNCTAD secretariat and the secretariats of the regional commissions and other departments at United Nations Headquarters in the economic and social sectc . Such improved collaboration should, among other things, lead to the harmonization and streamlining of related programmes of work within the Secretariat, and should enable the secretariats of the regional commissions and Headquarters entities to contribute substantive inputs to the Trade and Development Conference and Board, while the UNCTAD secretariat could play a more active role in the substantive servicing of the Second Committee and the Economic and Social Council.

(b) Further strengthening should concentrate on UNCTAD's action-oriented research capacity of relevance to the national level, and on working more closely with the private sector and non-governmental organizations.

11. Considerable efforts have been made in recent years to enhance policy and programme coherence among the various entities comprising the economic and social sectors of the United Nations. Progress in this direction was one of the key objectives of the 1993 reorganization and of the redeployments of functions and activities (including the integration in UNCTAD of activities of separate United Nations centres dealing with transnational corporations and with technology) that characterized that reorganization. The reorganization was accompanied by, inter alia, a review of the functions and responsibilities of Headquarters departments and central United Nations entities (including UNCTAD and the United Nations Environment Programme (UNEP)) on the one hand, and the regional commissions, on the other. As part of that process, UNCTAD and the regional commissions jointly arranged for an independent consultant study to advise them on ways of maximizing complementarity in their respective work programmes.

12. Provision has consistently been made for the participation of Headquarters departments and the regional commissions in the Trade and Development Board and the Conference, and valuable contributions have been made. With respect to the role of the UNCTAD secretariat in the substantive servicing of the Second Committee and the Economic and Social Council, UNCTAD has traditionally provided, and continues to provide, substantive support to these bodies in connection with the items on their agenda dealing with trade and development and the least developed and other special categories of countries, and contributes

to the preparations and discussions of a number of other items concerned with development issues. The General Assembly, in its resolution 50/227 of 24 May 1996, has now called for greater use to be made, in the Second Committee, of, among other reports, the Trade and Development Report, and for the possibility to be explored of the United Nations Secretariat, UNCTAD, the Bretton Woods institutions and WTO preparing joint reports to better focus the policy dialogue at the high-level segment of the Economic and Social Council. The Secretary-General intends actively to pursue the follow-up to these provisions.

13. In his report to the ninth session, the Secretary-General of UNCTAD emphasized the need for UNCTAD to focus on action-oriented research, and on activities that have a particular impact at the national level. He also stressed his determination to involve more closely the private sector and non-governmental organizations in the work of UNCTAD, and made specific recommendations with regard to the mechanisms to be utilized for this purpose. Governments have recognized the value of these proposals, and many elements were incorporated in the final documents of the ninth session, namely the Midrand Declaration and A Partnership for Growth and Development.

Recommendation 2. Building system-wide partnerships for development

(a) UNCTAD should continue to expand the cooperation arrangements and joint activities it has developed with other parts of the United Nations system, such as the Food and Agriculture Organization of the United Nations, the United Nations Environment Programme, the United Nations Industrial Development Organization (UNIDO), the World Intellectual Property Organization, the United Nations Educational, Scientific and Cultural Organization and the International Maritime Organization.

(b) The above-mentioned organizations, as well as the regional commissions and other Secretariat entities, could be invited to participate in the systematic building of interregional information systems or networks in the fields of trade, science and technology, commodities, and investment promotion.

14. As a matter of policy, UNCTAD has long had extensive cooperation with those organizations of the United Nations system whose mandates and activities lend themselves to joint or cooperative activities. Thus, UNCTAD has established joint programmes or agreements with UNEP, the International Maritime Organization (IMO) and the United Nations Industrial Development Organization (UNIDO), and has developed excellent cooperation with the Food and Agriculture Organization of the United Nations (FAO) on matters of mutual interest. UNCTAD also participates actively in inter-agency initiatives under the aegis of the Administrative Committee on Coordination (ACC), such as the ACC task forces engaged in the follow-up to global conferences and the System-wide Special Initiative on Africa. With respect to information networks, UNCTAD, pursuant to the relevant recommendations of its ninth session, will be assessing, in close cooperation with the International Telecommunication Union (ITU), the practical

trade implications of the emerging Global Information Infrastructure (GII) and identifying areas for action in this regard.

Recommendation 3. Strengthening the technical cooperation function

In the context of ongoing efforts to restructure and revitalize the United Nations in the economic, social and related fields, and adapt the UNCTAD programme of work to the evolving international setting, consideration should be given to a significant strengthening of the technical cooperation role of UNCTAD in the principal areas of its responsibility. The UNCTAD secretariat should play a bigger role in building interregional technological networks involving other organizations of the system.

15. In the final document of its ninth session, A Partnership for Growth and Development (chap. II, sect. E) Governments recognized UNCTAD's technical cooperation programme as an important element in providing practical assistance to developing countries, especially those with the greatest need, and committed themselves to strengthening its effectiveness and impact as an essential complement to the institution's policy-oriented analytical and deliberative work. In this light, the Trade and Development Board will continue its annual review of the UNCTAD technical cooperation programme, including the elaboration of an indicative, rolling three-year plan.

Recommendation 4. Least developed, landlocked and island developing countries

In its future programmes of work, UNCTAD should continue to give due prominence to the unique development needs of the least developed, landlocked and island developing countries and should project their concerns more systematically throughout the UNCTAD secretariat and at the level of other organizations within the United Nations system.

16. UNCTAD has been designated by the General Assembly as the focal point for activities relating to the least developed, landlocked and island developing countries. The Trade and Development Board annually reviews the implementation of the Programme of Action for the Least Developed Countries for the 1990s. Similarly, UNCTAD prepares the reports of the Secretary-General of the United Nations on the landlocked and island developing countries for submission to the General Assembly. In the exercise of these responsibilities, UNCTAD maintains close contact with other organizations of the system and brings these matters up for discussion, whenever necessary, within ACC and its subsidiary machinery. In line with the Inspector's recommendation, the recent reorganization of the UNCTAD secretariat provides for the projection of these countries' concerns throughout the UNCTAD programme of work and its secretariat, as the related issues will be pursued and treated at both the sectoral and cross-sectoral levels. A Special Coordinator at the latter level will monitor sectoral substantive work, and a Steering Committee, chaired by the Secretary-General of UNCTAD, will provide oversight.

Recommendation 5. Cooperation with WTO

The complementarity of functions between UNCTAD and WTO appears quite clear. Member States cannot but benefit from such complementarity as well as from the related synergies between the two institutions. The General Assembly has made specific recommendations in this respect. The recent steps taken to develop UNCTAD-WTO cooperation at both the secretariat and institutional levels should continue to be encouraged.

17. A number of recent initiatives are contributing to reinforcing and systematizing cooperation between UNCTAD and WTO based on the complementarities of their functions. The two institutions hold meetings every six months, chaired jointly by their executive heads, to discuss issues of common concern. Working relationships at all levels are also being strengthened in such areas as research, trade and investment, trade and competition, trade and the environment, and trade and development. In the context of the implementation of the System-wide Special Initiative on Africa, the executive heads of UNCTAD and WTO have elaborated a plan of action for increasing Africa's export-oriented production and the improvement of export diversification and markets.

Recommendation 6. Cooperation with the Bretton Woods institutions

(a) The General Assembly and the Economic and Social Council could seek to strengthen consultations, technical exchanges and reciprocal rights of attendance at meetings between the multilateral financial institutions, on the one hand, and United Nations economic and social entities, especially UNCTAD, on the other. The current process of restructuring and revitalization of the Organization in the economic, social and related fields should take this fully into account.

(b) More frequent use could be made of the provisions of existing relationship agreements between the United Nations and the multilateral financial institutions in order to enhance cooperation and coordination on global development priorities. Both UNCTAD and the Bretton Woods institutions could take advantage more often of these instruments in the policy consultations.

18. The relationship between the United Nations and the Bretton Woods institutions is being given special attention in the context of the current debate on an agenda for development and the restructuring of the economic and social sectors of the United Nations. The Bretton Woods institutions have continued to contribute to the policy dialogue at the high-level segments of the Economic and Social Council, and participated actively in the ninth session of UNCTAD.

19. At the secretariat level, close and frequent consultations are being held between the Secretary-General of the United Nations and the executive heads of the Bretton Woods institutions and WTO, and collaboration is being substantially strengthened at the programme level. A document detailing some of the elements of this cooperation, with emphasis on operational activities, was submitted to the Economic and Social Council at its substantive session of 1996 (E/1996/72 and Corr.1). Policy interactions and programme cooperation are also being expanded in the context of the arrangements made by ACC to promote the integrated follow-up to recent United Nations global conferences (the World Bank chairs the thematic ACC task force on the enabling environment and participates actively, together with the International Monetary Fund, in two other inter-agency task forces on basic social services for all and on employment and sustainable livelihood), and of the System-wide Special Initiative on Africa.

20. These developments provide the setting for further enhancing policy consultations and programme cooperation between the Bretton Woods institutions and UNCTAD, drawing on the experience with the consultative arrangements developed between WTO and UNCTAD.